Government of Saskatchewan

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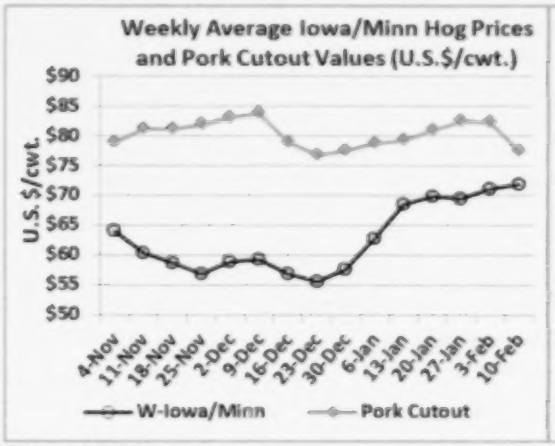
Weekly Hog Report

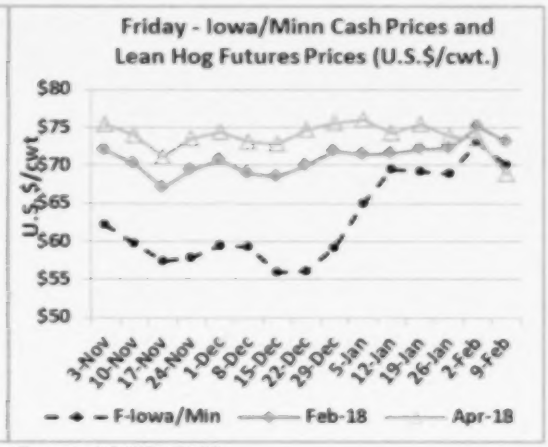
February 12, 2018

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (Iowa/Minn) edged lower over the week to push prices lower, week-over-week. Hog prices on Friday February 9 averaged US$70.07 per cwt, down 4.0 per cent or US$2.95 per cwt from US$73.02 per cwt the previous Friday. The negotiated weekly base price last week averaged US$71.88 per cwt, up 1.0 per cent or US$0.74 per cwt from US$71.14 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

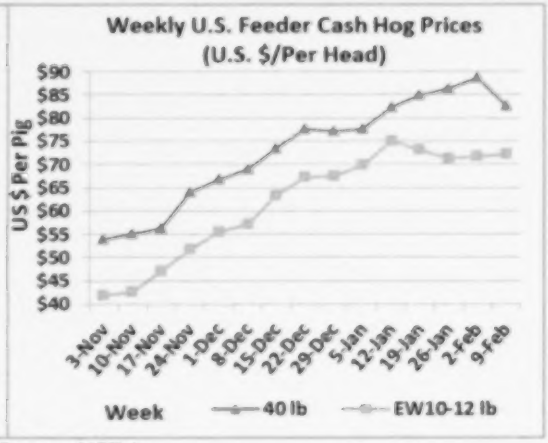
Futures Markets

United States lean hog futures daily prices were primarily lower last week to push prices lower, week-over-week. The nearby February contract declined US$2.025 per cwt to settle last Friday at US$73.175 per cwt; while the April 2018 contract declined US$4.750 per cwt to settle last Friday at US$68.850 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$72.29 per head, up US$0.67 per head or 0.9 per cent from US$71.62 per head the previous week. Feeders (40lb) averaged US$82.61 per head, down US$6.00 per cwt or 6.8 per cent from US$88.61 per head, the previous week.

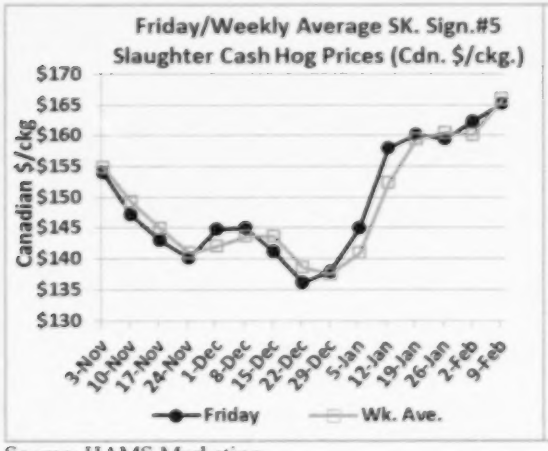
Source: LMIC



Source: USDA

Canadian Hog Markets

In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday February 9, 2018 was $165.22 per ckg, up $2.98 per ckg from $162.24 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $165.93 per ckg the week ending February 9, 2018; up $5.80 per ckg or 3.6 per cent from the previous weeks' average price of $160.13 per ckg. The Canadian dollar compared to the U.S. dollar settled last Friday at 79.31 cents, down 1.47 cents from 80.78 cents the previous Friday. The weaker dollar was positive on the Canadian hog prices.



Source: HAMS Marketing

Source: Est. based on weekly prices HAMS

Canadian Hog Slaughter

In Canada, federal and provincial hog slaughter numbers for the week ending February 3, 2018 were estimated at 426,571 head, down 4.0 per cent from 444,388 head the previous week, and down 4.7 per cent from 447,639 head the same week a year ago. Canadian hog slaughter numbers over the last eight weeks averaged 402,115 head, down 1.0 per cent from 406,349 head over the same period a year ago. Year-to-date for the first five weeks of 2018, Canadian hog slaughter numbers totaled 2,084,556 head, down 3.6 per cent from 2,163,324 head the same period a year ago. (Source: AAFC/CFIA)

United States Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending February 10 were estimated at 2.389 million head, down 2.0 per cent from 2.438 million head the previous week, but up 1.2 per cent from 2.360 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last eight weeks have averaged 2.331 million head, up 3.1 per cent from 2.261 million head over the same period a year ago.

Meat Production

U.S. pork production for the week ending February 10, 2018 was estimated at 511.2 million lb., down 2.0 per cent from 521.9 million lb. the previous week, but up 2.1 per cent from 500.8 million lb. the same week a year ago. Pork production over the last eight week's ending February 10 was estimated to average 498.4 million lb., up 3.8 per cent from 480.1 million lb. over the same eight week period a year ago.

U.S. beef production for the week ending February 10, 2018 was estimated at 488.8 million lb., down 3.6 per cent from 507.1 million lb. the previous week, but up 3.3 per cent from 473.0 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending February 3, 2018, was estimated to average 2.155 billion lb., up 1.8 per cent from 2.116 billion lb. over the same four weeks a year ago. Based on the weekly production numbers for the first five weeks of 2018; meat production is slightly higher compared to the same five weeks in 2017. The large declines in chicken production were offset by the increases in pork and beef production.

United States Weekly Meat Production

(Feb.3) Four Week Average - Million Lb.			Percent Change	
	2016/17	2017/18	4 Week	YTD -2018
Pork	500.9	512.2	2.3%	2.2%
Beef	484.4	502.8	3.8%	3.1%
Chicken	994.5	1,001.0	0.7%	-2.5%
Turkey	136.4	138.7	1.7%	0.3%
Total	**2,116.1**	**2,154.8**	**1.83%**	**0.07%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending February 10, 2018 averaged US$77.41 per cwt, down US$4.90 per cwt or 6.0 per cent from US$82.31 per cwt the previous week; and down 9.0 per cent from US$85.11 per cwt from the same week a year ago.

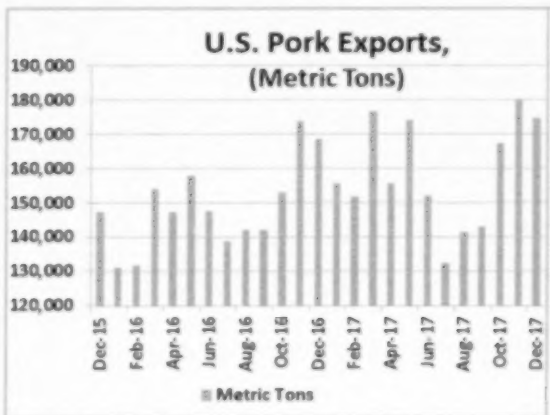
Choice beef cutout prices (600-900 lb.) for the week ending February 10, 2018 averaged US$208.46 per cwt over the week, down US$1.05 per cwt or 0.5 per cent from US$209.51 per cwt the previous week, but up 10.1 per cent from US$189.39 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending February 10 averaged US$105.25 per cwt, down US$2.24 per cwt or 2.1 per cent from US$107.45 per cwt the previous week, but up 3.4 per cent from US$101.79 per cwt the same week a year ago.

United States Pork Exports

United States exported 174,794 metric tons of pork in December 2017, down 3.1 per cent from 180,330 metric tons in November 2017, but up 3.6 per cent from 168,724 metric tons in December 2016. Total U.S. pork exports by volume for 2017 were 1,905,186 metric tons, up 6.5 per cent compared to U.S. pork exports in 2016. The biggest increases in annual pork exports by volume in 2017 were to Mexico (+12%), South Korea (+29%) and South America (+57%); helping to make up for the volume declines to China (-28%).

By dollar amount, U.S. pork exports in December 2017 were US$480.4 million dollars, down 6.1 per cent from US$511.8 million in November 2017, but up 4.9 per cent from US$458.1 million dollars in December 2016. Total U.S. pork exports by dollar amount for 2017 were $5.313 billion dollars, up 7.5 per cent from $4.941 billion dollars in 2016. U.S. pork exports to China in 2017 were down 29 per cent by dollar value compared to 2016. Increases in pork sales to Mexico were higher than the declines to China helping push overall pork export sales higher.



Source: USDA, USMEF

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USDA World Agricultural Supply and Demand Estimates (WASDE)

On February 8, the USDA released the February World Agricultural Supply and Demand Estimates (WASDE). The February USDA WASDE report revised the 2018 United States Red Meat and Poultry production estimates to 103.944 billion lb., a slight increase from the January estimates, and a 3.8 per cent increase in meat production for 2018 compared to 2017. United States meat production numbers for 2018 were estimated to increase for beef (+5.9%), pork (+5.1%), broilers (+2.3%), and turkey (-0.2%) from 2017. Both pork and beef production estimates for 2018 in the February estimates were reduced slightly from the January estimates. Beef production was reduced based on lower expected cattle placements in feedlots during the first half of 2018; while pork production estimates were reduced based on lower projected hog slaughter numbers.
(Source: USDA WASDE)

USDA February World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat & Poultry
	Quarter	Beef	Pork	Broiler	Turkey	
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
2016	**Annual**	**25,221**	**24,941**	**40,695**	**5,981**	**97,612**
2017	Jan. Proj.	26,175	25,585	41,591	5,987	100,091
2017	**Feb. Proj.**	**26,173**	**25,581**	**41,659**	**5,979**	**100,145**
% Chg.	Jan. to. Feb.	-0.01%	-0.02%	0.16%	-0.13%	0.05%
% Chg.	**2016 to 2017**	**3.77%**	**2.57%**	**2.37%**	**-0.03%**	**2.59%**
2018	**Feb. 2018 Proj.**	**27,725**	**26,885**	**42,600**	**5,970**	**103,944**
% Chg.	**2017 to 2018**	**5.93%**	**5.10%**	**2.26%**	**-0.15%**	**3.79%**

Source: USDA February WASDE Report, February 8, 2018

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